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The Crisis of Black Male Joblessness in Milwaukee: Trends, Explanations, and Policy Options

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Research Update:

*The Crisis of Black Male Joblessness in
Milwaukee, 2006*

by:

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I. Introduction

Earlier this year, the University of Wisconsin-Milwaukee Center for Economic Development released a comprehensive report on *The Crisis of Black Male Joblessness in Milwaukee*. The report documented the alarming extent to which black male joblessness has grown in Milwaukee since the 1970s. Using newly available data from the U.S. Census Bureau's *American Community Survey (ACS)*, the report revealed that 43.1 percent of working-age black males in metro Milwaukee were out-of-work in 2005: either unemployed, in prison, or, for various reasons, not in the labor force. Although this figure represented an improvement from 2000, when 47.6 percent of Milwaukee's working-age black males were jobless, Milwaukee nevertheless registered in 2005 the second worst jobless rate for black males among a sample of benchmark metropolitan areas in the Northeast-Midwest "Frostbelt." The report analyzed the reasons for the sharp racial disparities in the Milwaukee labor market, examined the shortcomings of existing policies and strategies, and recommended a sweeping set of programs to meet the challenge – nothing short of a Milwaukee "Marshall Plan" to attack the city's job crisis.

The release of the latest *ACS* data enables us to update the earlier report with the most recent (2006) statistics on race and employment in the region. Unfortunately, the recent data show no improvement in the rate of black male joblessness in Milwaukee: in fact, the rate nudged slightly upward, from 43.1 percent to 46.8 percent, between 2005 and 2006. Moreover, Milwaukee remains mired toward the bottom in rankings of Frostbelt metropolises: in 2006, only Buffalo and Detroit posted higher rates of black male joblessness than did Milwaukee. In short, the crisis continues –and the need for dramatic new directions in policy remains.

II. Measuring Joblessness

The level of joblessness in a labor market is most often conveyed in one universally recognized and widely reported number: the unemployment rate. This statistic measures

the percentage of people over the age of 16 in an area's civilian labor force, actively looking for work, who do not have a job.

However, the official unemployment rate is an imperfect and sometimes misleading indicator of the true extent of joblessness. As calculated by the federal Bureau of Labor Statistics (BLS), the officially unemployed do not include working-age people who are not working but, for various reasons, are not in the labor force. Some of these potential workers, such as most students and homemakers, as well as the voluntarily self-employed or voluntarily retired, have chosen not to be in the labor force; thus, it makes sense to exclude them from measures of unemployment.

Many other potential workers, however, are not included in the official unemployment rate even though they are not necessarily among the *voluntarily* jobless. Some are “discouraged workers,” who have given up looking for elusive employment. Others may simply not enter the labor market, convinced that appropriate jobs are not available. These individuals do not show up in the official unemployment statistics, although they are clearly part of the jobless population in a community.

Thus, because the official unemployment rate ignores those who are not seeking jobs, it understates the full scope of joblessness. A different way, therefore, to gauge joblessness –and the one we will use in this report—is to look at the percentage of the *total* working age not employed: *everyone* between the ages of 16-64, not just those actively in the civilian labor force. Obviously, this “jobless rate” will never be zero: aside from “frictional unemployment” (people between jobs), there are always working-age full-time students, homemakers, early retirees, or the self-employed who are *voluntarily* not in the labor force. But clearly, the more robust the labor market, the lower the jobless rate for the entire working-age population.

III. Race and Male Joblessness in Milwaukee: 2006

As Table 1 reveals, the jobless rate for working-age African American males in the four-county metropolitan Milwaukee region stood at 46.8 percent in 2006, a slight increase from 43.1 percent in 2005. By contrast, the jobless rates for both white and Hispanic males fell between 2005-2006. The region's racial disparity in joblessness

remains imposing: in 2006, the jobless rate for black males was almost *two and a half times* the white rate and is now more the *double* the Hispanic rate. Milwaukee's racial gap in joblessness, as Table 4 below shows, remains among the widest in large Northeast-Midwest metropolitan areas.

Table 1:

Male Joblessness in Metropolitan Milwaukee, 2000-2006

(percentage of working-age* males unemployed or not in the labor force)

YEAR	BLACK	WHITE	HISPANIC
2000	47.6%	16.0%	34.1%
2005	43.1%	20.1%	29.3%
2006	46.8%	17.9%	22.7%

Source: U.S. Bureau of the Census, *Census of Population, 2000; American Community Survey, 2005, 2006*

*Working-age = between ages of 16-64

Tables 2 and 3 provide more detail on male joblessness in metro Milwaukee in 2006, breaking down jobless rates by race, age, and place of residence. Three observations stand out. First, jobless rates are high in all age categories for black males in metro Milwaukee. Even in the prime working-age category --between the ages of 25 and 54, when issues of retirement or schooling are not significant factors removing potential workers from the labor market-- one-third of Milwaukee's black males are either unemployed or not in the labor market. In all other working-age categories, the black male jobless rate was above 50 percent.

Table 2:

Metropolitan Milwaukee Male Jobless Rates: 2006

By Race, Ethnicity, and Age

AGE CATEGORY	BLACK	WHITE	HISPANIC
16-24	72.5%	35.8%	44.9%
25-54	33.1%	10.1%	24.5%
55-64	54.2%	27.8%	44.0%

Source: Same as Table 1

Second, a huge racial gap in male joblessness exists in all age categories in metro Milwaukee. Black male joblessness is not only double the white rate in all age groupings, but the jobless rate among black males also is significantly higher than for Hispanic males in metro Milwaukee, particularly among younger workers.

Finally, as Table 3 shows, for both black and white males in metro Milwaukee, there is a substantial disparity between the jobless rates in the city of Milwaukee as opposed to the suburbs. Among prime working-age white males (ages 25-54), for example, the jobless rate in the city is almost triple the rate in the suburbs. However, since the vast majority (78 percent) of working-age white males in the region live in the suburbs, the impact of this city-suburban disparity on overall rates of metropolitan area white male joblessness is mitigated. On the other hand, this city-suburban disparity overlaps with the racial segregation of metro Milwaukee's labor market: almost 90 percent of the region's black male workers live in the city of Milwaukee where, as we have documented in earlier reports, there has been no net job growth since the late 1970s. Consequently, as Table 3 clearly shows, in 2006 there was a sharp racial polarization of the region's male labor market, with the largest gaps in jobless rates separating white suburbanites from black residents of the central city. For example, among prime working-age males (25-54), the jobless rate for black males living in the city of Milwaukee (34.1 percent) was almost *quadruple* the rate white suburbanites (8.4 percent) in 2006.

Table 3:

City-Suburban Disparities in Male Joblessness in Metropolitan Milwaukee: 2006

Jobless Rates (%), by Race, Ethnicity, Age, and Place of Residence

AGE	BLACK CITY	BLACK SUBURBS	WHITE CITY	WHITE SUBURBS	HISPANIC CITY	HISPANIC SUBURBS
16-24	71.8%	42.2%	42.4%	33.4%	41.5%	52.6%
25-54	34.1%	24.9%	22.4%	8.4%	14.0%	14.5%
55-64	58.2%	11.1%	30.1%	27.3%	41.5%	13.0%
All 16-64	47.3%	31.1%	25.5%	16.2%	22.3%	24.9%

Source: Same as Table 1

IV. Race and Joblessness in Milwaukee: A Comparative Perspective, 2006

The crisis of black male joblessness pervades urban America. But, among the largest metropolitan areas in the Northeast and Midwest, the employment situation for black males in Milwaukee remains near the bleakest. As Table 4 shows, in 2006 Milwaukee posted the third highest rate of black male joblessness among a sample of 16 benchmark Frostbelt metropolises. Moreover, the racial gap here in male jobless rates remains the highest in the Frostbelt: the black male jobless rate in Milwaukee was a staggering 28.9 percentage points higher than the white rate in 2006. The black jobless rate was 2.6 times higher than white rate in metro Milwaukee, by far the largest racial disparity of any large Frostbelt metropolis.

Table 4:

Male Jobless Rates in Selected Metropolitan Areas, By Race: 2006

Percentage of working-age (16-64) males either
unemployed or out of the labor force

METRO AREA	BLACK	WHITE	BLACK/WHITE RATIO
Boston	35.2%	21.0%	1.68
Indianapolis	36.3%	19.6%	1.85
Columbus	38.0%	21.2%	1.79
Minneapolis	38.3%	17.4%	2.20
Baltimore	38.4%	18.7%	2.05
New York	38.7%	22.3%	1.74
Cleveland	40.2%	21.5%	1.87
Kansas City	40.9%	18.4%	2.22
Cincinnati	42.9%	22.1%	1.94
Philadelphia	44.1%	22.0%	2.00
St. Louis	44.5%	22.7%	1.96
Chicago	45.4%	19.4%	2.34
Pittsburgh	45.6%	24.7%	1.85
Milwaukee	46.8%	17.9%	2.61
Detroit	48.8%	24.4%	2.00
Buffalo	49.8%	24.5%	2.03

Source: Same as Table 1

As Table 5 shows, metro Milwaukee remained in 2006 among the Frostbelt's most racially segmented regional labor markets. Almost 90 percent of the region's black male workers live in the central city, a proportion approached in the Frostbelt only in Buffalo and Detroit – two metropolises that, not so coincidentally, join Milwaukee in posting the worst black male jobless rates in the Northeast-Midwest belt. As Table 5 shows, the concentration of working age black males in the central city –as well as the racial disparity in geographic concentration—is greater than almost anywhere in the Frostbelt. As was documented in the earlier report on *The Crisis of Black Joblessness*, this entrenched segregation –combined with the suburbanization of regional employment and the precipitous decline of central city manufacturing—has been at the heart of Milwaukee's soaring rate of black male joblessness since the late 1970s.

Table 5:

**Percentage of Metropolitan Area Working-Age Males Living
In Central City, By Race, in Selected Regions: 2006**

METRO AREA	BLACK	WHITE	RACIAL DISPARITY
Buffalo	81.2%	14.7%	66.5
Milwaukee	87.0%	22.1%	64.9
Detroit	66.1%	2.3%	63.8
Cincinnati	60.0%	9.3%	50.7
Cleveland	60.0%	10.1%	49.9
Baltimore	52.1%	11.5%	40.6
Chicago	55.9%	17.5%	38.4
Kansas City	56.0%	18.1%	37.9
Philadelphia	49.8%	14.2%	35.6
Minneapolis	50.7%	16.9%	33.8
Boston	42.5%	9.9%	31.6
New York	61.1%	30.4%	30.7
St. Louis	37.3%	7.7%	29.6
Pittsburgh	38.8%	10.4%	28.4
Average –All Metro Areas	57.0%	13.9%	43.1

Source: U.S. Bureau of the Census, *American Community Survey*, 2006.

V. Race and Joblessness in Milwaukee: Policy Implications

In *The Crisis of Black Male Joblessness*, we analyzed the shortcomings in Milwaukee's current portfolio of strategies to combat black male joblessness, and outlined new directions for public policy. With the backdrop of the new 2006 data in mind—showing an increase in black male joblessness in Milwaukee—we offer below the highlights of the original analysis.

Local Policy and the Crisis of Black Male Joblessness in Milwaukee

Milwaukee Mayor Tom Barrett and the region's corporate leadership in the GMC and MMAC appear to have settled into a three-pronged "jobs strategy" to combat predominantly minority inner city joblessness: workforce development, minority entrepreneurship, and regionalism. All are worthy policy objectives and, in principle, can contribute to improving the local labor market. All, however, are deeply flawed as cornerstones of a local jobs strategy; in particular, without other more direct job creation policies ("demand-side"), these ('supply side') approaches are unlikely to have a significant impact on the crisis of black male joblessness in Milwaukee.

Milwaukee's recent history, as is the case nationwide, is littered with disappointing results from job training programs. Workforce development is predicated on the fallacious assumptions that enough jobs exist for properly trained workers, or that with adequate training enough private-sector jobs will be created for all workers. In fact, in 2005, by conservative estimate, there were 88,294 more jobless than available jobs in metro Milwaukee; there were six jobless Milwaukeeans for every available job in 2005; there were an astounding nine jobless for every available full-time job. The primary need in Milwaukee is not improved job training, but rather policies that increase the demand for low- to moderate-skilled labor and attack the critical shortage of available jobs in the region.

Minority entrepreneurship offers little prospect of improving the employment picture for working-age black males. In the 50 largest metro areas in the country, there is

no evidence that high rates of black business ownership produce low rates of black joblessness. Black-owned businesses employ a tiny fraction of workers (less than one percent in Milwaukee), so even huge growth in black-owned businesses would have a trivial impact on the black jobless rate.

Finally, M-7 "regionalism" could contribute significantly to alleviating the crisis of black male joblessness. But, so far, the M-7 seems focused on branding and marketing Milwaukee and pursuing what one researcher has dubbed the "job training charade," rather than the kinds of meaningful regional "equity" policies in transportation, public finance and housing that could make a difference in combating minority joblessness.

Policy Options: New Directions to Combat Black Male Joblessness in Milwaukee

We identify three strategies that offer far greater likelihood of reducing black male joblessness in Milwaukee than current approaches:

Public infrastructure investment, which will not only meet pressing needs in a community with aging infrastructure, but could also play a critical role in boosting, Keynesian-style, local demand for low- to moderate-skilled labor. Particularly if accompanied by explicit minority-hiring goals or low-income resident preferential hiring programs, public investments could be a central element in a real Milwaukee "jobs strategy." The examples of the Marquette Interchange project and the city of Milwaukee's "Residents Preference Program" (RPP) show the promise of this "demand-side" approach to the labor market.

In particular, we recommend that Milwaukee leaders vigorously pursue development of a jobs-producing, competitiveness-enhancing regional light rail transit system. In its political resistance to light rail, Milwaukee is increasingly isolated among U.S. cities; and, the more Milwaukee remains immobilized on this issue, the more the region risks falling further behind our competitors economically, and the more we lose the opportunity for a "big bang" investment that could ameliorate the labor market for low- to moderate-skilled workers.

Community Benefits Agreements. The RPP and Marquette Interchange projects show that targeted hiring standards attached to local investments can improve the employment prospects for minorities and the disadvantaged. Milwaukee should follow the example of a growing number of cities around the country and attach "community benefits agreements" (CBAs) to major redevelopment projects, to give preferential hiring to inner city residents and minorities, and to require developers receiving public subsidies to meet job creation and wage standards. Moreover, all developers doing business in Milwaukee should be encouraged to meet these standards.

Muscular Regionalism. A critical element of a jobs strategy in Milwaukee must involve regional equity and "smart growth" policies in transportation, public finance, and land use. In addition, we need to do a much better job of opening up the suburban labor markets of the region to racial diversity. "Opening up the suburbs" might include several policy options, but the two most important are transportation and housing. Regional transportation policies must be realigned to facilitate the access of central city workers to suburban employment centers; and building affordable housing in the suburbs is essential, so that low-to-moderate-skilled workers, with limited incomes, can live in greater proximity to the location of 90 percent of the region's entry-level job openings.